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June 23, 1997

VIA HAND DELIVERY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street
Washington, D.C. 20554

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JUN 23 1997

Federal Communications Commission
Office of Secretary

Re: Federal-State Joint Board on Universal Service
CC Docket No. 96-45
Notice of Oral Ex Parte Communication

Dear Mr. Caton:

On Friday, June 20, 1997, Harold Thompson and Jacqueline Pullen of the Iowa Communications Network (the "ICN"), Richard Gross of the Iowa Department of Education, Pamela Johnson of Iowa Public Television, Elizabeth Nelson of the Iowa Department of Justice and the undersigned met with Emily Hoffnar, Irene Flannery, Diane Law and Kimberly Parker of the Commission's staff and Tiana Summer of the Georgia Public Service Commission staff, who is working with the Joint Board and who participated by telephone, to discuss matters relating to the above-referenced proceeding.

During the meeting, the parties discussed the nature of the ICN, the services it provides to schools, libraries, health care institutions and other entities and the program pursued over the past several years to make advanced services available to Iowa schools, libraries and health care institutions. We also discussed how funding could be made available under the Commission's rules for the services that eligible institutions now receive through the ICN. The topics discussed during the meeting are described in more detail in the presentation materials used in the meeting, which are attached. Copies of other materials provided to the Commission participants also are attached. The Commission participants also were provided with a copy of Iowa Code, Chapter 8D, which authorizes the ICN.

In accordance with the requirements of Section 1.1206(a) of the Commission's rules, an original and one copy of this notice are being submitted to the Secretary's office on the business day following the meeting and copies of this notice are being provided to the Commission participants.

No. of Copies rec'd 021
DATE

Mr. William F. Caton
June 23, 1997
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Please inform me if any questions should arise in connection with this filing.

Respectfully submitted,



J.G. Harrington

JGH/taf

cc (w/o encl.): Dr. Emily Hoffnar
 Irene M. Flannery, Esq.
 Diane Law, Esq.
 Kimberly Parker, Esq.
 Ms. Tiana Summer

IOWA COMMUNICATIONS NETWORK

Presentation to the Federal
Communications Commission

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ICN STAFF IN ATTENDANCE

- Harold M. (Tommy) Thompson, Chief
Operating Officer, ICN
- Jacqueline L. (Jackie) Pullen, Chief
Financial Officer, ICN
- Elizabeth A. (Libby) Nelson, Assistant
Attorney General, State of Iowa,
representing ICN

D.E. STAFF IN ATTENDANCE

■ Richard (Rich) Gross, Director of the Office
of Technology, Iowa Department of
Education

■ Pamela (Pam) Johnson, Director of
Educational Telecommunications, Iowa
Public Television,

INTRODUCING THE ICN

- The Iowa Communications Network is an agency of the state of Iowa empowered to provide high quality telecommunications services to authorized education, government, and health care providers in Iowa.
- ICN is established as an enterprise, and is responsible for recovering its costs from the authorized users.
- ICN operates a fiber optic system specializing in telecommunications services.

GOVERNING BOARD

- The ICN is governed by the Iowa Telecommunications and Technology Commission
 - Six member commission
 - Five Voting Members
 - One Ex-Officio Member
 - Constituents in the State of Iowa
 - Representing business and education

SERVICES OFFERED

■ Voice Telecommunications Services

- Long Distance
- 800/888
- Credit Card Service
- Line Side Services for the Seat of State Government
- Limited 911 Service to the Seat of State Government
- Directory Assistance
- Operator Services

■ ICN is fully equipped and capable of offering line side (Centrex) and 911 service to all users

SERVICES OFFERED

- Data Telecommunications Services
 - Data Transportation
 - Dial In Access to Frame Relay Services
- Internet Service Provider
 - For K-12 and Libraries, includes
 - 100 voice minutes each month
 - X.500 Directory and Enterprise Messaging Services
 - Internet Services, dedicated connection at T-1 level
 - Other users, includes
 - Direct Connection - 56K; T-1; 10mb Ethernet; DS-3
 - Dial in - 56K

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SERVICES OFFERED

■ Video Services

- Full Motion Interactive Video (DS-3)
- Compressed Video for Conferencing
- Dialable Wide Band Service
- Desktop Interactive Video Services

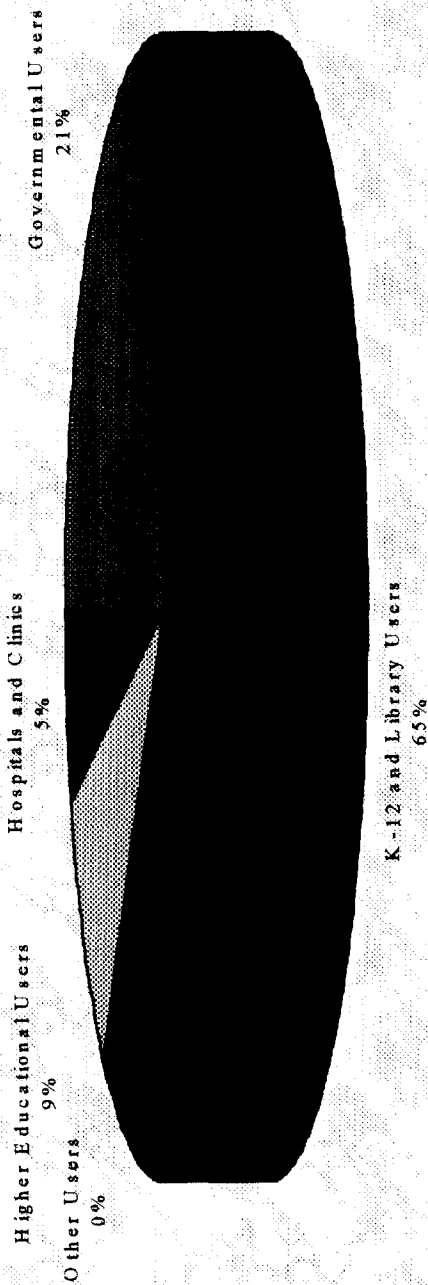
REVENUE SUPPORT FOR SERVICES

- ICN recovers costs of operations and depreciation from use/users
- State pays debt service on Certificates of Participation for backbone construction on an annual basis
- State pays leased tail circuit costs on an annual basis
- State provides video subsidization to the Department of Education on an annual basis

AUTHORIZED USERS

- Defined by the Iowa Code, Chapter 8D
- Limited to:
 - Educational Institutions
 - K-12, Public and Private
 - Higher Education, Public and Private
 - Governmental Entities
 - State and Federal
 - Health Care Providers
 - Hospitals
 - Clinics

AUTHORIZED USERS



NETWORK INVESTMENTS BY THE STATE

■ Construction of the Backbone

- Total Cost - \$183.0 million
- Annual Payment - \$ 13.7 million

■ Construction of Part III

- Total Cost - \$ 94.7 million
- Annual Lease Costs - \$ 2.7 million

■ State Video Subsidy to Education

- \$ 2.9 million

UNIVERSAL SERVICE

- ICN Delivers 45mb (DS3) connections to each school district
 - State owns the backbone of the network to the county(s)
 - State leases tail circuits from low bid vendor(s)
- Local Exchange provides basic telephone service
- ICN provides intra-state toll service
- Interexchange Carriers provide inter-state toll service

UNIVERSAL SERVICE

- ICN is eligible for subsidies for services to schools
 - Voice Services
 - Video Services
 - Data Services
 - Internet Services
- ICN is eligible for subsidies for services to health care providers
 - Compressed Video
 - Dialable Wideband Video
 - Dial up from 384 kbs (6 channels) to 1,472 kbs (23 channels)
 - Hospitals and Clinics primary users
 - Toll Free Internet Access

ICN VIDEO SERVICES

■ ICN Cost per Hour for Video Service	\$86.00 per hour
■ Universal Service for K-12 (assume 50%)	(43.00) per hour
■ State Subsidy to Education	
- Debt Service/Tail Circuit Leases	<u>(38.00) per hour</u>
■ Charge to School	<u>\$ 5.00 per hour</u>

ICN VIDEO SERVICES

- ICN Cost per Month for Video Service \$750.00 per month
- Universal Service for K-12 (assume 50%) (375.00) per month
- State Subsidy to Education for Monthly Charge (375.00) per month
- Charge to School \$000.00 per month

ICN INTERNET SERVICES

- ICN Cost per Month for Internet Service \$500.00 per month
- Universal Service for K-12 (assume 50%) (250.00) per month
- State Subsidy for Monthly Charge (12.00) per month
- Charge to School \$238.00 per month

RELEVANT QUESTIONS

- What constitutes a valid pre-existing contract?
 - RFP for construction of backbone network
 - RFP for construction and lease of tail circuits
 - Third party contract for video classroom/service (vendor/ICN/school/library)
 - Internet contract
 - Request for service
- When do contracts need to be signed to be valid?
 - Third year of build out to schools and libraries (70 schools added this summer)

RELEVANT QUESTIONS

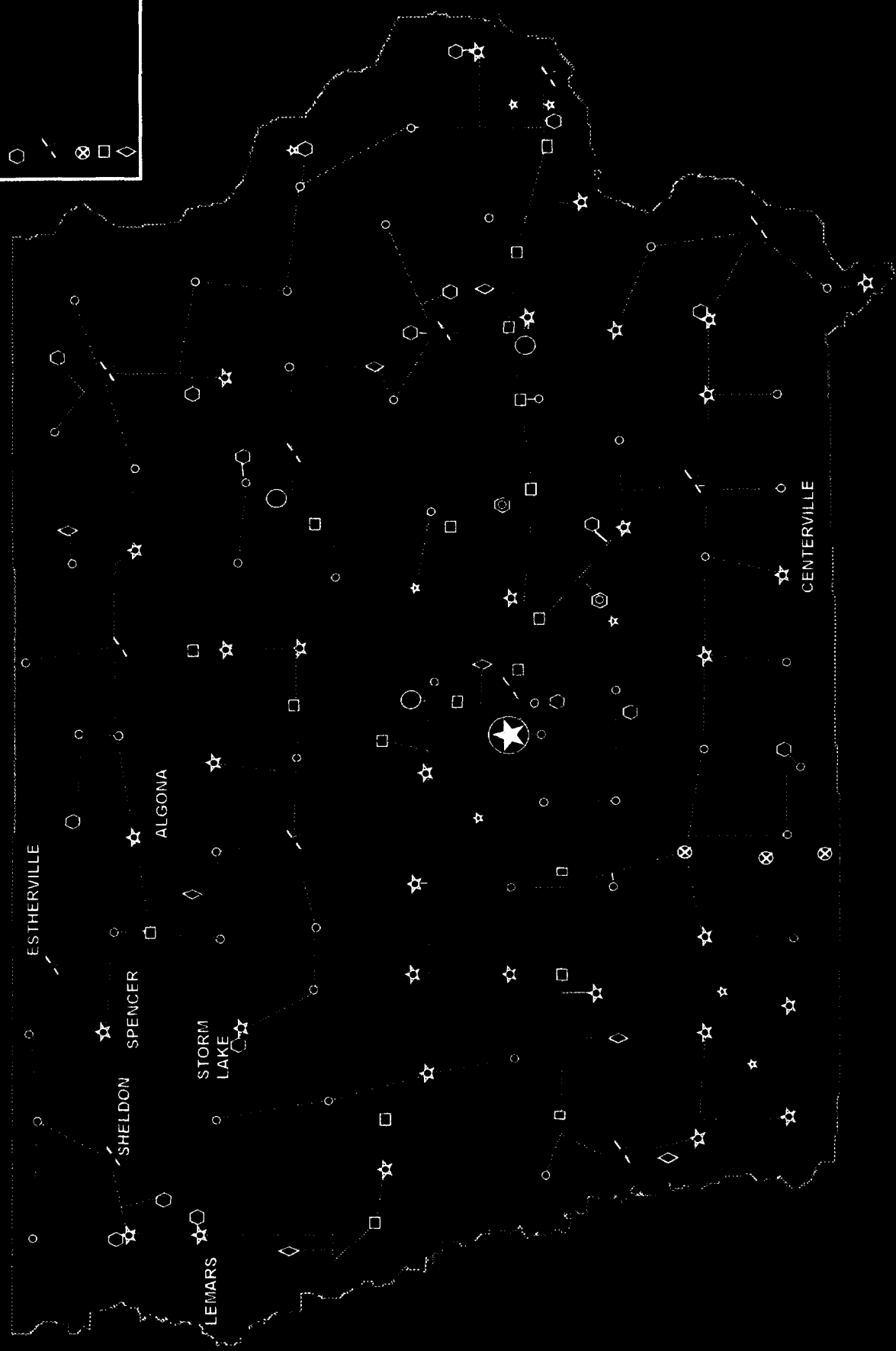
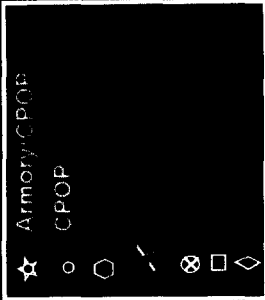
- Is there anything that the Iowa Communications Network needs to do to meet eligibility?
 - What is a partnership?
 - Do we have to compete for all services, or is it satisfactory to be capable of providing the service(s)?
- What, if any, are the benefits of a consortium?
 - Could State of Iowa qualify as provider/receiver of service consortium?
 - Are consortiums limited only to purchasing?
- Is ICN a telecommunications carrier required to contribute to the universal service fund?

RELEVANT QUESTIONS

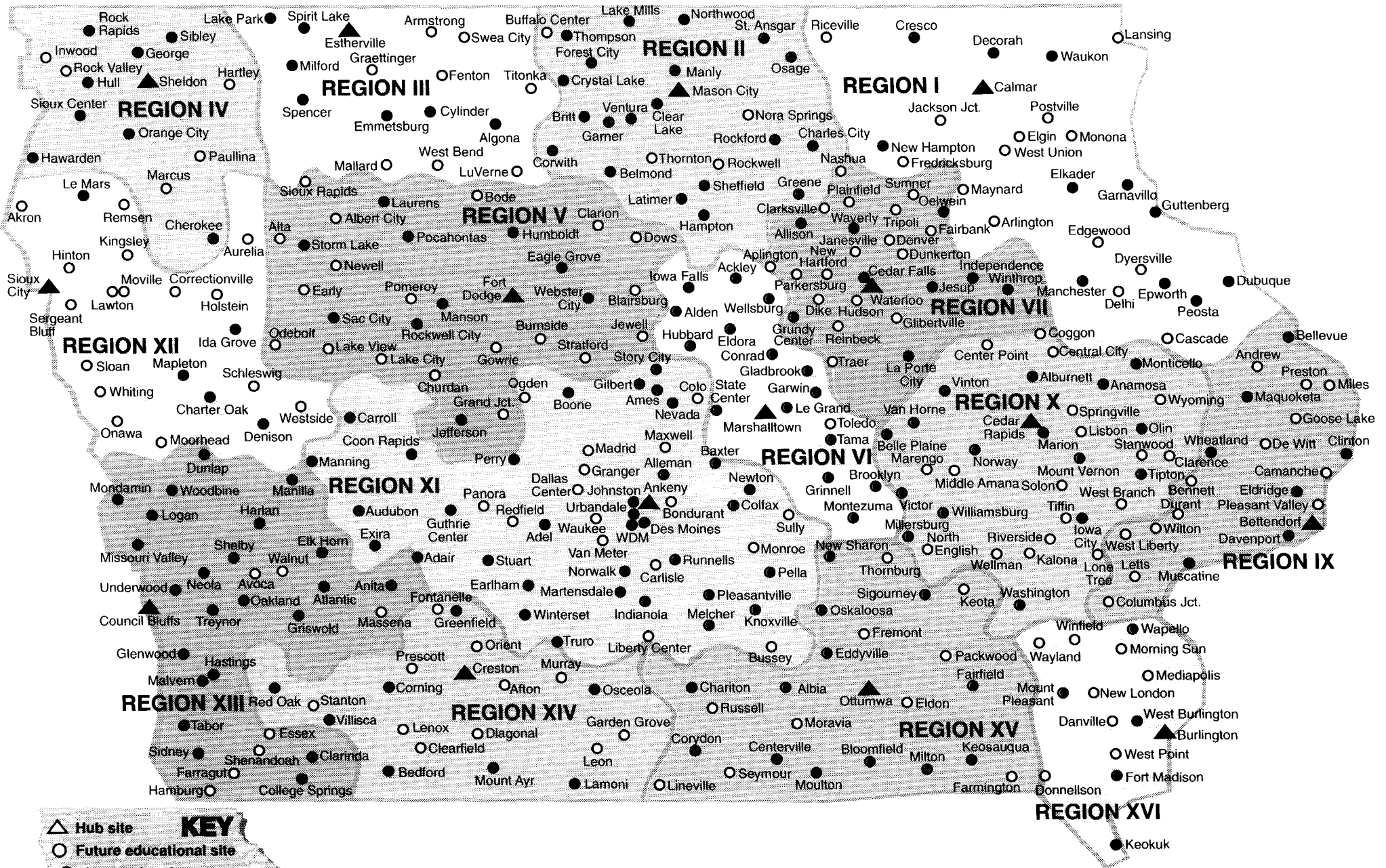
- Is ICN a telecommunications carrier required to contribute to the universal service fund?
- Are there exemptions for telecommunication's providers that provide services at operating costs?

Current K-12 Educational Status Involving the Iowa Communications Network

- The Iowa legislature approved a “School Improvement Technology Act” in 1996 which appropriates \$30 million per year to K-12 schools for the purpose of acquiring and integrating technology into the school and classroom.
- As part of the requirement for receiving funding under this Act, schools are required to develop a multiyear technology plan. This plan must include detail as to how the school intends to integrate ICN related services into their overall technology efforts.
- By the time “Part III” of ICN connections are completed, approximately \$20,000,000 will be invested by local school districts for video classroom costs (equipment only). Above that local investment, nearly \$3,000,000 of Federal Star Schools funds (U.S. Department of Education) will have been invested in video classroom costs.
- A major design element of the video service provided by the ICN is interoperability. The ICN can “cluster” any number of schools in dozens of simultaneous class sessions at any hour of the day. This flexibility was a major design element requested by the educational community during the planning phase of the network.
- 15 intermediate service agencies (area education agencies or AEAs) “hub” or aggregate Internet services for approximately 150 school districts. As school districts are directly connected to the ICN, many connect to the AEA for Internet service (assuming the district has a LAN/WAN in place). In each area, the AEA pays the Internet subscription fee for the aggregating school districts. The districts pay the individual connection from the AEA to the district.



Educational Sites on the Iowa Communications Network



* The Iowa Communications Network also includes additional administrative sites at the following: Iowa National Guard, state and federal agencies, libraries, and hospitals.